

### **RESPONSE AND REMARKS**

The interview of September 26, 2006 with Examiner Patel is gratefully acknowledged. The interview was conducted with inventor Brent C. Abraham present at the U.S. Patent Office with Examiner Patel, and via a telephone conference between inventor Brent C. Abraham and Examiner Patel with attorney Marilyn R. Khorsandi.

In response to the Restriction Requirement formally issued in the Office Action, during the interview, confirmation was provided of the election of Group III and Species 7 Claims.

Further, during the interview, proposed amendment language for elected independent Claims 3, 47 and 91 was presented and discussed. Although the Examiner indicated that the type of amendments that were proposed would be helpful in distinguishing the claimed subject matter from cited references and would be helpful in resolving rejections of the Claims on other grounds, no final language was approved for allowance.

The rejections discussed in more detail below, as well as the interview with the Examiner, have been carefully considered. Amendments to the elected Claims are filed concurrently herewith as listed above and as discussed in more detail below. It is respectfully asserted that the Claims, as amended herewith, are non-obvious in view of the references of record, and are in condition for allowance.

#### RESTRICTION AND SPECIES ELECTION REQUIREMENTS AND FORMAL ELECTION

In the Office Action, three groups of Claims were identified as follows:

Group I: System Claim 1, Method Claim 45, and Product Claim 89;

Group II: System Claim 2, Method Claim 46, and Product Claim 90;

Group III: System Claims 3-43 (respectfully submitted to also include Claim 44 which is dependent on independent Claim 3), Method Claims 47-88, and Product Claims 91-132.

In the Office Action, for Group III, thirty-five (35) species of Claims were identified. In Group III, the following Claims were identified as generic to the thirty-five species: System Claims 3, 16-17 and 20; corresponding Method Claims 47, 60-61, and 64; and corresponding Product Claims 91, 104-105, and 108. Species 7, the Species elected, was identified in the Office Action as including Claims 3, 16-17, 20, and 11-12. Species 7 was described as "... directed to prompting the taxpayer to identify a first type of a first property to be relinquished, a second type of a second property to replace the first property, and a plurality of parameters that characterize a proposed exchange of the second property for the first property."

In response to the restriction requirement and species election requirement formally issued in the Office Action, pursuant to the restriction requirement dated July 5, 2006, and in accordance with 35 U.S.C. 121 and 37 C.F.R. § 1.142, Applicant hereby formally elects for further examination, the invention construed by the Examiner as Group III, described by the Examiner as independent Claims 3, 47, and 91, and the Claims dependent on them, namely, Claims 4-44, 48-88, and 92-132; Claims 1-2, 45-46, and 89-90, corresponding to non-elected Groups I and II, are withdrawn from examination without prejudice to Applicant's filing, during the pendency of the present Application, one or more divisional applications directed to non-elected Groups I and II, construed by the Examiner as Claims 1-2, 45-46, and 89-90, in accordance with 35 U.S.C. §§ 120 and 121 and 37 C.F.R. § 1.142.

Further, pursuant to the species election requirement dated July 5, 2006, and in accordance with 35 U.S.C. 121 and 37 C.F.R. § 1.142, Applicant hereby elects Species 7.

According to the election of Species 7, the Claims directed to non-elected Species 1-6 and 8-35 are withdrawn from examination without prejudice to Applicant's filing in accordance with 35 U.S.C. §§ 120 and 121 and 37 C.F.R. § 1.142, during the pendency of the present Application, one or more divisional applications with claims directed to the subject matter of the non-elected Species, or in the event that generic claims are allowed, without prejudice to

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Applicant re-presenting some or all of the Claims in Group III that were identified as not belonging to Species 7.

In view of the election above, it is respectfully requested that further examination of the present application proceed for Group III and Species 7 claims, namely, for Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108.

REJECTIONS UNDER SECTION 112

In the Office Action, Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108 were rejected under the second paragraph of 35 U.S.C. §112 on various grounds as being indefinite.

The rejections under Section 112 have been carefully considered. Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108 are amended herewith. It is respectfully submitted that the amendments to the Claims filed herewith resolve the rejections under Section 112.

REJECTIONS UNDER SECTION 101

In the Office Action, Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108 were rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.

The rejections under Section 101 have been carefully considered. It is respectfully submitted that the amendments filed herewith to Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108 resolve the rejections under Section 101.

REJECTIONS UNDER SECTION 103(a)

In the Office Action, Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108 were rejected under 35 U.S.C. §103(a) as being unpatentable over Morris, et al. ("Deferred Exchange Regulations Issued"; "Morris") and Fellows, et al. ("Deferred Like-Kind Exchanges: An Analysis of the Proposed Regulations Under Section 1031(a)(3)"; "Fellows") on the grounds that

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the Claims recited a computer implementation of a manual process. See, e.g., *Office Action*, p. 16.

REMARKS REGARDING SECTION 103(a) REJECTIONS

The rejections under Section 103(a) have been carefully considered. It is respectfully asserted, for the reasons given below, that Claims 3, 11-12, 16-17, 20, 47, 55-56, 60-61, 64, 91, 99-100, 104-105, and 108, as amended, are novel and non-obvious in view of the cited references.

It is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest all of the limitations of independent Claim 3. For example, Claim 3 recites the limitation of:

... in response to receiving the input ... [of a plurality of parameters that characterize a proposed exchange of the at least one relinquishment property with the at least one replacement property]..., substantially simultaneously test the plurality of parameters that characterize the proposed exchange against a set of rules by which like-kind exchange transactions meet safe-harbor provisions for tax-deferred treatment to determine whether the proposed exchange would meet safe-harbor provisions for tax-deferred treatment ....

Further, it is respectfully asserted that the above-recited limitation of independent Claim 3 to "...substantially simultaneously test the plurality of parameters that characterize the proposed exchange against a set of rules by which like-kind exchange transactions meet safe-harbor provisions for tax-deferred treatment ..." is not merely a computer-implementation of a manual process. Rather, it is respectfully asserted that the above-recited limitation of Claim 3 to "... substantially simultaneously test ..." is not disclosed, anticipated, taught or suggested by any of the references of record, whether taken alone or considered in combination. See also, e.g., Declaration Under 37 C.F.R. Section 132 by Brent C. Abraham Filed in Support of Amendment and Response to Office Action Date July 5, 2006 ("Abraham Decl'n"), ¶¶ 5-15.

Yet further, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest, for example, the limitations of independent Claim 3 to:

... for a result ... that indicates that the proposed exchange would meet safe-harbor provisions for tax-deferred treatment, automatically facilitate transacting the proposed exchange of the at least one property to be relinquished for the at least one replacement property, wherein automatically facilitating transacting the proposed exchange comprises generating a notification to the taxpayer that the proposed exchange would meet safe-harbor provisions for tax-deferred like-kind exchange treatment ....

It is respectfully submitted that the *Abrahm Decl'n* presents evidence that an exemplary, real-life embodiment of the interactive, online qualified-intermediary computer system that is the subject matter of independent Claim 3, processes a high volume of smaller-scale, like-kind exchange transactions. See, e.g., *Abrahm Decl'n*, ¶13 ("As a result of implementing our Internet-based, online qualified-intermediary system, ... Accruit, LLC will process approximately 150,000 like-kind exchange transactions (sales and purchase transactions) during 2006, including smaller-scale, like-kind exchanges valued, on average, \$35,000, and including exchanges of individual assets valued as low as \$4.").

It is further respectfully submitted that the high volume of smaller-scale, like-kind exchange transactions processed by an exemplary, real-life embodiment of the interactive, online qualified-intermediary computer system that is the subject matter of independent Claim 3 is evidence that the limitations of Claim 3 are not merely a computer-implementation of a manual process. See also, e.g., *Abrahm Decl'n*, ¶14 ("... smaller-scale, like-kind exchanges transacted through Accruit's Internet-based, online qualified-intermediary system are due in part to the novel ability of Accruit's Internet-based, online qualified-intermediary system to substantially simultaneously test various features of a proposed like-kind exchange transaction up-front to determine if the features of the proposed like-kind exchange transaction collectively meet Section 1031 "safe-harbor" provisions.").

Still further, similar to the reasons given above with respect to Claim 3 regarding the limitation of Claim 3 for substantially simultaneously testing a plurality of proposed exchange parameters, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest all of the

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limitations of independent Claim 47. For example, Claim 47 recites the limitation of:

... simultaneously testing the plurality of parameters against a set of rules for tax-deferrable exchanges to determine whether the proposed exchange would meet safe-harbor provisions for tax-deferred treatment ...

Further, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest, for example, the limitations of independent Claim 47 for "... facilitating transacting the proposed exchange ...":

... wherein facilitating transacting the proposed exchange comprises automatically notifying the at least one relinquishment property receiver, according to the identification of the at least one relinquishment property receiver, of an assignment to an intermediary of a right by the taxpayer to sell the relinquishment property ...

Further yet, similar to the reasons given above with respect to Claims 3 and 47 regarding [substantially] simultaneously testing a plurality of proposed exchange parameters, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest all of the limitations of independent Claim 91. For example, Claim 91 recites the limitation of:

... simultaneously testing the plurality of inputs according a set of rules for tax-deferrable exchanges to determine whether the proposed exchange would meet safe-harbor provisions for qualifying for tax-deferred treatment

...

And further, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest, for example, the limitations of independent Claim 91 for "... facilitating transacting the proposed exchange ...":

... wherein facilitating transacting the proposed exchange comprises electronically notifying the at least one relinquishment property receiver of an assignment to a qualified intermediary of a right by the taxpayer to sell the relinquishment property.

Further still, it is respectfully asserted that none of the references of record disclose, anticipate, teach or suggest a system such as is the subject matter of

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independent Claims 3, 47, and 91, as amended, which both pre-tests proposed like-kind exchange transactions against the safe-harbor provisions of the Like-Kind Exchange Statute and facilitates exchange transactions that meet those safe-harbor provisions. See also, e.g., *Abrahm Decl'n*, ¶ 15.

Because for the reasons given above independent Claims 3, 47 and 91, as amended, are novel and non-obvious in view of the references of record, it is therefore respectfully asserted that the elected Claims that are dependent on Claims 3, 47 and 91, namely, Claims 11-12, 16-17, 20, 55-56, 60-61, 64, 99-100, 104-105, and 108, as amended, are also novel and non-obvious in view of the references of record.

CONCLUSION

In view of the foregoing amendments, and for the foregoing reasons, it is respectfully submitted that the invention disclosed and claimed in the present application, as amended, is not fairly taught by any of the references of record, taken either alone or in combination, and that the application is in condition for allowance. Accordingly, reconsideration and allowance of the application as amended herewith is respectfully requested.

Respectfully submitted,

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